

October 10, 2000

Mary L. Cottrell, Secretary

Department of Telecommunications and Energy

One South Station

Boston, MA 02110

Re: Standard Offer Fuel Service Adjustment, D.T.E. 00-66, 00-67, 00-70

Dear Ms. Cottrell:

The undersigned competitive power suppliers welcome this opportunity to comment on the proposals of Fitchburg Gas & Electric Light Company, Massachusetts and Nantucket Electric Companies, and the NSTAR Companies, (collectively "companies") to adjust their standard offer service ("SOS") rates because fuel cost thresholds have been exceeded.

The Competitive Suppliers respectfully urge the Department to increase SOS rates to reflect the full increases in the companies' SOS supply costs. The alternative is for the companies to accrue ever-larger deferred amounts that will be paid by customers at a later date. Continuing to defer these costs does not make the problem go away; in fact, it makes the problem worse.

Moreover, failing to set SOS rates that reflect actual market conditions has a very detrimental effect on the competitive market. As the Department explained in its order on default service:

[A]n important goal in electric restructuring is the development of a competitive marketplace. It is essential to the development of a robust competitive market to have prices set at levels that provide customers with appropriate price signals regarding the costs associated with providing the service, as established by the competitive market. Default service prices that do not represent the actual cost of providing the service would inhibit the development of a competitive generation market and would thus be detrimental to all electricity consumers.

Pricing and Procurement of Default Service, D.T.E. 99-60-A, p. 7 (May 12, 2000).

The Department's concern regarding the effect of inaccurate price signals also applies to SOS prices. Indeed, SOS pricing is even more important to the competitive market because there are nearly four times as many SOS customers as default service customers. As long as SOS is priced below cost, the competitive market will not develop.

Competitive suppliers and other supporters of an open energy market believe that it is critical that customers, utilities and suppliers make decisions based on true market signals, as is the case in other competitive markets. Accordingly, the undersigned competitive suppliers urge the Department to increase SOS rates to reflect the full cost of SOS supply.

Thank you for your assistance.

Sincerely yours,

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